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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 19, 2001

APPLICATION OF

PRINCE GEORGE ELECTRIC
COOPERATIVE

CASE NO. PUE000734

For general increase in
rates

ORDER FOR NOTICE AND HEARING

On October 26, 2000, Prince George Electric Cooperative ("PGEC" or "the Cooperative") notified the State Corporation Commission ("Commission") of its intention to file a general rate application on or before December 31, 2000, pursuant to the provisions of § 56-582 A 3 of the Code of Virginia.

On December 11, 2000, Prince George filed a petition with the Commission requesting a waiver from compliance with the requirement established in 20 VAC 5-200-21 B 6, which requires that notice of intent to file a general rate application be provided to all parties on record appearing in the Cooperative's last rate case and from compliance with 20 VAC 5-200-21 B 6 and C 12 e which requires 60 days' advance notice to the public. The Cooperative explained in its petition that, although it filed a notice letter with the Commission on October 26, 2000, its Board of Directors did not make the final decision to go

forward with the application until November 27, 2000, less than 60 days before the last day provided by the Virginia Elective Utility Restructuring Act for the filing of the application. The Cooperative advised that it was prepared to provide public notice of its application on or before December 19, 2000, by newspaper publication in its service territory and by inserts to its customers' bills on or before December 31, 2000.

On December 13, 2000, the Commission entered an Order on the Cooperative's petition. It granted the relief requested by the Cooperative and directed Prince George to undertake the customer notification measures proposed in its petition.

On December 29, 2000, Prince George filed its application for a general increase in rates with the Commission. The Cooperative filed its application under § 56-582 of the Code of Virginia, which authorizes the establishment of capped rates from January 1, 2001, through July 1, 2007. As provided by § 56-582 A 3, Prince George has proposed that the revised rates and charges take effect, on an interim basis and subject to refund, on January 1, 2001. Prince George has also filed unbundled rates that it proposes to make effective on January 1, 2002. In its application, Prince George seeks approval of rates that will produce additional annual jurisdictional revenue of \$1,115,845.00, in 2001, representing an increase of 8.39% over present rates, and producing a Times Interest Earned Ratio

("TIER") of 2.00. The Cooperative's bundled and unbundled rates are based on adjusted financial and operating results for the twelve months ending December 31, 1999, and include the currently effective Old Dominion Electric Cooperative 2000/2001 wholesale rate level for the Cooperative's purchased power.

The Cooperative has also proposed various revisions to its Terms and Conditions of Service. Among the revisions proposed by Prince George to its Terms and Conditions of Service are changes to its guidelines for extensions of its facilities. The Cooperative's proposed Terms and Conditions of Service would limit the Cooperative's investment in facilities to serve a residential or commercial customer to two times the system average distribution plant dollar investment per active service. All other services classified as seasonal will be provided new overhead single phase service with an investment up to an amount equal to one time the system average distribution plant dollar investment based on standard construction practices. In addition, the Cooperative proposes that new customers be responsible to clear any new right-of-way easement to the Cooperative's satisfaction where proposed electric facilities will extend through wooded areas.

The Cooperative further proposes to add provisions to its Terms and Conditions of Service that will allow it to convert its meter reading system to automated remote meter reading

equipment in the future. It also proposes to change its method of after-hours collection of amounts owed when the customer requests reconnection of service after regular business hours. Under the Terms and Conditions of Service as revised, the customer may be requested to deliver the payment for after-hours reconnections to a designated location, and the Cooperative employee reconnecting the meter will be prohibited from collecting payments of any kind. The details of these and other changes to the Cooperative's Terms and Conditions of Service are set forth in Prince George's application and supporting documents.

On January 10, 2001, the Cooperative, by counsel, filed its proof of notice of intent to file a general rate application. It noted that the Sussex-Surry Dispatch, a newspaper, was unable to publish the Cooperative's notice of intent to file a general rate application until December 20, 2000, one day after the day anticipated by the Cooperative, and that the Cooperative did not hand deliver notice of its intent to file a general rate application to counsel for ILUKA Resources, Inc., formerly known as RCG (USA) Mineral Sand, Inc. ("ILUKA"), the party of record appearing in the Cooperative's last rate case, Case No. PUE960002, until December 21, 2000, even though Prince George's petition indicated that the Cooperative would be in a position to deliver such notice by December 13, 2000. Prince George

represents that a copy of the general rate application, including copies of the direct testimony and all exhibits filed on its behalf, was mailed to ILUKA on December 29, 2000, and that ILUKA has not been prejudiced by the delay in the service of the Cooperative's notice of intent to file a rate case.

NOW UPON consideration of the Cooperative's application and applicable statutes, the Commission is of the opinion and finds that an investigation of the Cooperative's proposals should be commenced. The Commission also finds that Prince George should give notice to the public of its application; that members of the Commission's Staff should investigate the Cooperative's application and proposed tariff revisions and should present their findings in testimony in this proceeding; and that a public hearing should be convened in this matter to receive evidence relevant to Prince George's application.

Prince George's proof of notice of intent to file a general rate application shall be accepted. We are unable to conclude at this time that the public or ILUKA were prejudiced by the delays that occurred in the Cooperative's publication of notice and delayed service of its intent to file a rate application on ILUKA.

Accordingly, IT IS ORDERED THAT:

(1) Prince George's January 10, 2001 proof of notice of its intent to file a general rate application shall be accepted.

(2) As provided by § 56-582 A 3 of the Code of Virginia, the Cooperative's proposed rates, charges, and Terms and Conditions of Service may take effect on, January 1, 2001, on an interim basis subject to refund, until such time as the Commission has completed its investigation of this matter.

(3) As provided by § 12.1-31 of the Code of Virginia and Rule 7:1 of the Commission's Rules of Practice and Procedure ("the Rules"), 5 VAC 5-10-520, a Hearing Examiner is appointed to conduct further proceedings on behalf of the Commission and to file a final report with a transcript of this proceeding.

(4) A public hearing is hereby scheduled before a Hearing Examiner for June 6, 2001, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, for the purpose of receiving evidence relevant to the Cooperative's application.

(5) On or before February 9, 2001, the Cooperative shall file with the Clerk of the State Corporation Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218-2118, an original and twenty (20) copies of any additional direct testimony that it intends to present in support of its application.

(6) On or before February 9, 2001, Prince George shall forward the following notice, to be published as display

advertising (not classified) in the March 2001, publication of
Cooperative Living:

NOTICE TO THE PUBLIC OF AN APPLICATION
BY PRINCE GEORGE ELECTRIC COOPERATIVE,
FOR A GENERAL INCREASE IN RATES
CASE NO. PUE000734

On December 29, 2000, Prince George Electric Cooperative ("Prince George" or "the Cooperative") filed an application with the State Corporation Commission ("Commission") to revise its rates, charges and Terms and Conditions for electric service. The Cooperative made this filing under § 56-582 of the Code of Virginia, which authorizes the establishment of capped rates from January 1, 2001, to July 1, 2007. As provided by § 56-582 A 3 of the Code of Virginia, the revised rates and charges will take effect on January 1, 2001, on an interim basis and subject to refund.

Prince George seeks approval of proposed tariff revisions that will produce additional annual Commission jurisdictional revenue of \$1,115,845.00, in 2001, representing an increase of 8.39% over the Cooperative's present rates, and producing a Times Interest Earned Ratio ("TIER") of 2.00. Prince George also proposes unbundled rates in its application that it proposes to place into effect on January 1, 2002.

Further, the Cooperative has proposed various revisions to its Terms and Conditions of Service, including revisions to the Terms and Conditions of Service governing extensions of its facilities as well as revisions that would allow it to convert its meter reading system to automated remote meter reading equipment in the future. Prince George also proposes to change its method of after-hours collection of amounts owed to the Cooperative when the customer requests reconnection of service

after regular business hours. The details of these and other tariff revisions are set out in Prince George's rate application and accompanying documents.

A public hearing on Prince George's application shall be convened before a Hearing Examiner on June 6, 2001, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219. Copies of Prince George's application and accompanying documents are available for public inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, at the State Corporation Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, or can be ordered from counsel for Prince George, Micheal L. Hern, Esquire, and Eric M. Page, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. Copies of the application may also be reviewed at Prince George's office in Waverly, Virginia during regular business hours.

Any person desiring to comment in writing on Prince George's application may do so by filing an original and five (5) copies of such comments on or before April 2, 2001, to the Clerk of the Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218. Written comments must refer to Case No. PUE000734. Persons filing comments shall mail a copy of the comments to counsel for Prince George, Micheal L. Hern, Esquire and Eric M. Page, Esquire, at the address set forth above on or before April 2, 2001. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the

hearing and identify himself or herself to the Bailiff as a public witness.

On or before April 2, 2001, any person desiring to participate as a Protestant, as defined in Rule 4:6, 5 VAC 5-10-180, of the Commission's Rules of Practice and Procedure ("Rules"), shall file with the Clerk of the Commission at the address set forth below an original and twenty (20) copies of a Notice of Protest, as provided in Rule 5:16(a), 5 VAC 5-10-420(B), and shall serve a copy of the same on counsel for Prince George, Micheal L. Hern, Esquire, and Eric M. Page, Esquire at the address set forth herein.

Any person who expects to participate as a Protestant, pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure, 5 VAC 5-10-180, should promptly obtain a copy of the Order for Notice and Hearing for complete details of the procedural schedule and instructions on participation in this case.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-971-9206 (TDD).

All written communications to the Commission concerning the Cooperative's application should be directed to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P. O. Box 2118, Richmond, Virginia 23218, and should refer to Case No. PUE000734.

PRINCE GEORGE ELECTRIC COOPERATIVE

(7) On or before February 1, 2001, the Cooperative shall make available copies of its application, prefiled testimony,

and other accompanying documents filed in this matter for public inspection in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, or these documents may be ordered from counsel for Prince George, Micheal L. Hern, Esquire, and Eric M. Page, Esquire, at the address set forth in Ordering Paragraph (9) below.

(8) Upon receipt of this Order, Prince George shall forthwith make available for inspection at its offices during regular business hours copies of its application, testimony, exhibits, this Order, and all other materials filed in this proceeding.

(9) On or before April 2, 2001, any person expecting to participate as a protestant as defined in Rule 4:6, 5 VAC 5-10-180 of the Rules, shall file with the Clerk of the Commission an original and twenty (20) copies of a Notice of Protest as required by Rule 5:16(a), 5 VAC 5-10-420(B) and shall serve a copy of the same on counsel to Prince George, Micheal L. Hern, Esquire, and Eric M. Page, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. Service upon the Clerk of the Commission shall be directed to Joel H. Peck, Clerk of the Commission, c/o Document Control

Center, P. O. Box 2118, Richmond, Virginia 23218, and shall refer to Case No. PUE000734.

(10) Within five (5) days of the receipt of a Notice of Protest, Prince George shall serve upon each Protestant a copy of this Order, a copy of the application and all materials now or hereafter filed with the Commission.

(11) On or before April 20, 2001, any person who expects to participate as a Protestant, pursuant to Rule 4:6, 5 VAC 5-10-180, shall file with the Clerk of the Commission at the address set out in Ordering Paragraph (9) above an original and twenty (20) copies of a Protest as provided in Rule 5:16 (b), 5 VAC 5-10-420 (C), together with an original and twenty (20) copies of the proposed testimony and exhibits the Protestant intends to present at the June 6, 2001, hearing. Service shall be made on or before April 20, 2001, upon counsel for Prince George, upon all other parties, and the Commission Staff. Service upon counsel to the Cooperative shall be directed to Micheal L. Hern, Esquire, and Eric M. Page, Esquire, LeClair Ryan, P.C., Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

(12) On or before April 2, 2001, any person desiring comment in writing on Prince George's application may do so by directing an original and five (5) copies of such written comments to the Clerk of the Commission, c/o Document Control

Center, P. O. Box 2118, Richmond, Virginia 23218. Such comments must refer to Case No. PUE000734. Interested parties filing comments shall serve a copy of said comments on counsel for Prince George at the address set out herein. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commissioner's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff as a public witness.

(13) The Cooperative shall respond to written interrogatories within seven (7) business days after the receipt of the same. Protestants shall provide to Prince George, other Protestants, and Staff any workpapers or documents used in the preparation of their prefiled testimony promptly upon request. Except as so modified, discovery shall be in accordance with Part VI of the Rules.

(14) On or before May 1, 2001, Commission Staff shall investigate Prince George's application and shall file with the Clerk of the Commission an original and twenty (20) copies of the prepared testimony and exhibits Staff intends to present at the public hearing scheduled for June 6, 2001, and shall send a copy of the same to counsel for Prince George at the address set out herein, and to each Protestant.

(15) On or before May 22, 2001, Prince George shall file with the Clerk of the Commission an original and twenty (20)

copies of all testimony it expects to introduce in rebuttal to all of the direct prefiled testimony and exhibits of Commission Staff and Protestants; additional rebuttal evidence may be presented without prefiling, provided it is presented in response to evidence which was not prefiled, but elicited at the time of the hearing and, provided further, the need for additional rebuttal evidence is timely addressed by motion during the hearing and leave to present said evidence is granted by the hearing examiner. A copy of the prefiled rebuttal evidence shall be served upon the Commission Staff and all other parties to the proceeding on or before May 22, 2001.

(16) On or before February 9, 2001, Prince George shall serve a copy of this Order on the Commonwealth's Attorney and Chairman of the Board of Supervisors of any county and upon the Mayor or Manager and attorney of any county, city or town (or on equivalent officials in counties, towns, and cities having alternate forms of government) within Prince George's service area. Service shall be made by first class mail or delivery to the customary place of business or residence of the person served.

(17) On or before February 9, 2001, Prince George shall serve a copy of this Order, together with its application and accompanying materials on all parties of record appearing in the Cooperative's last rate case. Service shall be made by first-

class mail or delivery to the customary place of business or residence of the person served.

(18) On or before May 11, 2001, Prince George shall file with the Clerk of the Commission proof of the publication directed in Ordering paragraph (6) above and a certification of service of copies of the Order as directed in Ordering paragraphs (16) and (17) above, including the names and addresses of the persons served.